



July 18, 2007

8x.

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Third District

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RHONDA MCCUNE
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General Public

ALTERNATE
CHARLEY WILSON
Director
Santa Margarita
Water District

JOYCE CROSTHWAITE
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: Proposed Municipal Service Review & Sphere of Influence
Review for the City of Tustin (MSR 07-53 & SOI 07-12)

INTRODUCTION

The first Europeans in Orange County came with the Portola Expedition in 1769. Seven years later, another scouting party¹ identified the area from Santiago Creek to Red Hill as El Alisal, the Sycamore Grove. At that time, the land was dotted with massive, white-barked sycamore trees. The trees grew there because of a dependable water supply, some of it from natural artesian wells that flowed from the ground. Three of those trees still exist today.

In 1869, Columbus Tustin, a Northern California carriage maker, purchased 1,300 acres for the price of one dollar and fifty cents per acre. Mr. Tustin attempted to create "Tustin City," but sales of home sites were slow, and by the early 1870s he was giving free lots to anyone who would build a home. But the City continued to grow and by the 1880s there were three churches, a fifty room hotel, a bank, and a horse drawn "tallyho" (trolley line) which connected Tustin to Santa Ana. In 1927, the population topped 900, and the voters elected to incorporate.

By 1970 the population had jumped to 32,000. Annexation became the major issue from 1955 to 1965 when the City increased 220% in size. The big leap came in the 1960s when the population increased 1,012%, going from 2,006 to 22,313 and the land area increased from 434.23 acres to 2,214.77, or a 410% increase. The City grew again from 1971-1981 with more annexations such as the Marine Corps Air Station which added 2,076 acres to the city. A few years later a total of 2,257 acres that had been in the Irvine Ranch agricultural preserve were annexed and were developed as Tustin Ranch.

¹ From the City of Tustin's web site (<http://www.tustinca.org/about/index.htm>)



The City of Tustin provides a range of services to its residents as shown in the following table:

<i>City of Tustin Service Providers</i>	
Service	<i>Current Provider</i>
Animal Control	County of Orange
Fire & Paramedic	Orange County Fire Authority
Library	Orange County Public Library – Tustin Branch Library
Parks & Recreation	City of Tustin
Police	City of Tustin
Solid Waste	Federal Disposal Service (CR&R Incorporated effective October 1, 2007)
Water	City of Tustin IRWD: East Orange County Water District: Golden State Water District
Sewer	OCSD and IRWD

MUNICIPAL SERVICE REVIEW (MSR)

LAFCOs are required by statute (Government Code Section 56430) to conduct MSRs as a way to assist agencies and residents by: (1) evaluating existing municipal services, and (2) identifying any future constraints or challenges that may impact service delivery in the next 15 to 20 years.

For eight of the MSR determinations, staff did not identify any significant issues for the City of Tustin. While the City will have substantial growth over the next 10 years, it has planned for the growth and has adequate revenues to fund the necessary infrastructure. However ensuring adequate water supplies, including groundwater, is a regional issue which will affect the City. In addition the issue of local sewer service provision to portions of the City now served by the Orange County Sanitation District should be addressed. No issues with economies of services or local accountability were noted.

There were two governmental structure options for the City of Tustin identified – one addressed the City's sphere of influence and the second option involved the East Orange County Water District.

The City's current sphere of influence was adopted in 1987 and includes portions of the unincorporated community of North Tustin. In 1987 a sphere line was adopted which was essentially a straight line across North Tustin. The area south of the line was placed in the SOI for the City of Tustin and area north of the line was placed in the City of Orange's SOI. As the area developed, both Cities and LAFCO received requests for clarification of the SOI. In 1996 LAFCO staff worked with the staff of both Cities to revise a portion of the SOI to reflect existing development of streets and homes.

As part of this MSR, staffs from both Cities and LAFCO met to review the SOI between the two Cities. The staffs of the Cities will be working together over the next 60-90 days to discuss a possible new SOI in the North Tustin area that would be compatible with communities of interest, topography, efficient service provision and existing development. LAFCO staff is recommending that the SOI for the City of Tustin be re-affirmed but that the portion of the SOI that currently bi-sects North Tustin be identified as a special study area. LAFCO staff expects to return to the Commission late in 2007 with an update on the work of the Cities' staff.

The other governmental structure option involves the City of Tustin and the East Orange County Water District. The East Orange County Water District operates both wholesale and retail water distribution systems. The District's wholesale operation

serves approximately 100,000 customers living in portions of the Cities of Tustin and Orange as well as the unincorporated communities of Orange Park Acres and North Tustin. The District's retail service area is basically the Panorama Heights portion of North Tustin which includes approximately 3,195 residents.

Governmental structure options involving the East Orange County Water District were also addressed in two previous MSR reports—the Orange MSR and the MWDOC MSR in addition to a study completed by the District. All the studies noted other reorganization alternatives which might result in lower rates and more efficient service to residents. The City of Tustin has noted that it would support a review of whether the East Orange County Water District's retail and wholesale operations should be split between the Cities of Orange and Tustin (Exhibits 1 and 2). There are other government structure options listed in the MSR report.

LAFCO has the authority, under Government Code Section §56378 to initiate such a study; however it is recommended that the Commission ensure the participation of both Cities and the East Orange County Water District prior to initiating any additional study.

SPHERE OF INFLUENCE REVIEW (SOI)

In accordance with Government Code Sections 56425 and 56430, LAFCO is required to complete sphere of influence (SOI) reviews in conjunction with municipal service reviews for each city and special district once every five years. An SOI is a long-range planning tool that guides future LAFCO decisions on individual jurisdictional boundary changes, incorporation proposals, district formation, and proposals for consolidation, merger, or formation of subsidiary districts.

Staff recommends that the Commission re-affirm the current sphere of influence for the City of Tustin and requests the Commission to receive and file the MSR-SOI report (Attachment A), adopt the SOI statement of determinations for the district (Attachment C), and reaffirm the district's sphere of influence by adopting resolution SOI 07-03 (Attachment G).

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Municipal Service Review

Municipal service reviews (MSR) are subject to the California Environmental Quality Act (CEQA) and LAFCO is the lead agency. The MSR proposal is considered

Categorically Exempt from CEQA pursuant to section 15306 of the CEQA guidelines. This section exempts basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. This type of exemption may be used strictly for information gathering purposes, or as part of a study leading to an action that a public agency (in this case LAFCO) has not yet approved, adopted, or funded. The information gathered for the municipal service review will not have an effect upon an environmental resource. (See Attachment D, Notice of Exemption for the City of Tustin MSR.)

Sphere of Influence Review

LAFCO is the lead agency under CEQA for sphere of influence reviews. Staff reviewed the CEQA guidelines and recommends that the Commission consider the sphere of influence update for the City of Tustin exempt from CEQA under CEQA Local Guidelines 3.01: the sphere review is not an enactment and, therefore, not a project within the definition of "project" contained in CEQA Guidelines Section 21065. As stated before at this time, no changes to the City's existing sphere of influence are proposed and no additional environmental review is required. (See Attachment E, Notice of Exemption for the City of Tustin's SOI)

RECOMMENDATIONS

Staff recommends that the Commission:

1. Receive and file the municipal service review/sphere of influence report for the City of Tustin (Attachment A).
2. Find the municipal service review exempt under the statutory exemption of the California Environmental Quality Act (CEQA) Guidelines (§15306) (Attachment D).
3. Find the sphere of influence update exempt under the statutory exemption of the California Environmental Quality Act (CEQA) Guidelines (§21065) (Attachment E).
4. Adopt the MSR determinations as required by Government Code §56430 (Attachment B).
5. Adopt the SOI statement of determinations as required by Government Code §56425 (Attachment C).

6. Adopt the resolution (Attachment F) related to the City of Tustin's municipal service review.
7. Adopt the resolution (Attachment G) reaffirming the City of Tustin's current sphere of influence.

Respectfully submitted,



JOYCE CROSTHWAITE

- Exhibit 1: Letter from the City of Tustin
Exhibit 2: Letter from the East Orange County Water District
Attachment A: MSR-SOI Report for the City of Tustin
Attachment B: MSR Determinations (City of Tustin)
Attachment C: SOI Statement of Determinations (City of Tustin)
Attachment D: Notice of Exemption for MSR (City of Tustin)
Attachment E: Notice of Exemption for SOI (City of Tustin)
Attachment F: LAFCO Resolution for the City of Tustin MSR
Attachment G: LAFCO Resolution for the City of Tustin SOI Review



Office of the City Manager

RECEIVED
APR 6 2007

LOCAL AGENCY FORMATION COMMISSION

City of Tustin

300 Centennial Way
Tustin, CA 92780
714.573.3010
FAX 714.838.1602

March 28, 2007

Supervisor Bill Campbell, 3rd District
Orange County Board of Supervisors
10 Civic Center Plaza
Santa Ana, CA 92701

Dear Supervisor Campbell:

In a letter dated March 19, 2007 to you, the President of the East Orange County Water District (EOCWD) made certain representations regarding a meeting held in February, 2006 of City and EOCWD officials.

It is not my intent to engage EOCWD in a debate about what was discussed at the meeting. However, the conclusions and representations concerning the meeting made by Mr. VanderWerff do not, at all, comport with the City's recollection of the discussion. While there was a general discussion about points raised in the Local Agency Formation Report (LAFCO) Municipal Service Review (MSR) for Tustin, the City did not indicate none of the reorganization alternatives identified by LAFCO are of interest to the City. The City did make it clear to EOCWD that the City does not support Option 2 (as set forth in the EOCWD letter).

The City's position continues to be that the MSR should identify options and if LAFCO decides to pursue the question of EOCWD's status, then:

1. The City opposes assumption by EOCWD of any portion of the City's water service area.
2. The City would support a factual review of whether EOCWD's retail and wholesale operations should be split between the Cities of Orange and Tustin.

Please let me know if you have any questions or need additional information.

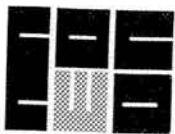
Sincerely,

A handwritten signature in cursive script, reading "William A. Huston".

William A. Huston
City Manager

Cc: LAFCO – Attn: Chairman and Commission Members
LAFCO – Attn: Joyce Crosthwaite, Executive Officer
W. VanderWerff, President, Board of Directors EOCWD
EOCWD Board of Directors

Exhibit 1



**EAST
ORANGE
COUNTY
WATER
DISTRICT**

DIRECTORS

Richard E. Barrett
Richard B. Bell
Douglas M. Chapman
William Vanderwerff
Gary R. Veeh

William H. Redcay
General Manager

March 19, 2007

Supervisor Bill Campbell, 3rd District
Orange County Board of Supervisors
10 Civic Center Plaza
Santa Ana, Ca 92701

Exhibit 2

Subject: Exploratory Meeting with City Of Tustin (MSR)

Dear Supervisor Campbell:

On February 2, 2006, East Orange County Water District (EOCWD) representatives Board President Bill VanderWerff and Director Richard Bell met with Mayor Doug Davert, City Manager Bill Houston, and Director of Public Works Tim Serlet to explore potential opportunities to improve (1) service capability, (2) costs and economies of service, (3) system and supply reliability, (4) water management and efficiencies, and (5) lack of a right to vote for elected representation for retail water service in the unincorporated areas served by the City (governance and enfranchisement issues).

After introductions, Director VanderWerff explained the recent East Orange MSR process and Supervisor Campbell's recommendation that EOCWD explore areas of mutual cooperation and potential reorganization that could provide improvements to existing governance, service capability, reliability, and efficiency with other retail agencies within its service area, and also with IRWD which serves portions of the City of Tustin and has contiguous boundaries with EOCWD.

It was agreed by all parties that the existing mutual cooperation and mutual aid efforts over the past 25-plus years between our agencies have worked effectively and have proved to be a very efficient approach to the provision of water service in our area. We also agreed that further efforts in these areas should be pursued to enhance the operational potential of both. This has been initiated by direct liaison between the General Managers.

Reorganization Alternatives. Concerning the potential of a different water service relationship between the City of Tustin and EOCWD than exists today, discussions took place on alternative methods that could be evaluated to determine if they would be in the public interest. In brief, the identified reorganization alternatives cover the following:

- (1) **General Purpose Government Provision of Water Supply Service.** City of Tustin assumes responsibility for the wholesale and retail systems of EOCWD similar to the City of San Juan Capistrano consolidation of Capistrano Valley WD and City of Laguna Beach consolidation with the Laguna Beach County WD in which appointed Water Commissions are established from the existing Water Agency and the city establishes contracts for wholesale service to Golden State Water Company, City of Orange, and Orange Park Acres,
- (2) **Special Purpose Government Provision of Water Supply Service – Local Agency.** EOCWD assumes responsibility for the retail Water Utility Department from the City of Tustin and continues wholesale service of imported water to other retailers within its service area as currently provided (i.e. Golden State Water Company Lemon Heights/Cowan Heights area, City of Orange and Orange Park Acres.
- (3) **Special Purpose Government Provision of Water Supply Service – Large Multi-Jurisdictional Agency.** IRWD assumes responsibility for the retail service functions from the City of Tustin and EOCWD, and assumes responsibility for the wholesale service to the City of Tustin, EOCWD Retail Zone, Golden State Water Company, City of Orange, and Orange Park Acres.

185 N Mc Pherson Road
Orange, CA 92869-3720

Phone 714.538.5815
Fax 714.538.0334

- (4) **Combination Approach - Joint Powers Agency and Privatization.** A Joint Powers Authority (JPA) is formed between the current users of the EOCWD wholesale distribution system to assume responsibility for the imported water delivery system and the retail system is privatized through competitive bidding or purchased by one of the public water providers.
- (5) **Privatization of Water Supply Service.** EOCWD privatizes its wholesale and retail functions through competitive bidding, including wholesale service to the City of Tustin, Golden State Water Company, City of Orange, and Orange Park Acres

At the conclusion of the meeting, the City of Tustin representatives expressed their position that none of the above alternatives were of interest to the City of Tustin. They noted that the current arrangements between the City and EOCWD are a very efficient and equitable means of water supply service for the East Orange County service area. It was agreed that areas for mutual cooperation and aid should be continued and areas for further improvement should be pursued on an ongoing basis.

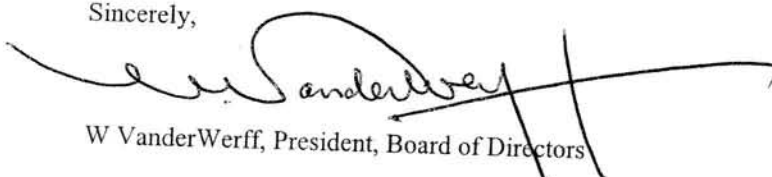
In a recent meeting with City staff, it came to our attention that one representative of the City may be rethinking his original views. To keep current on the status, EOCWD will continue dialogue with the City, as we totally believe that direct discussions between Agencies on water supply issues is a very productive and effective way for exploring options and moving forward on improvements. This approach can provide valuable input into the LAFCO MSR process as it has been our experience that the LAFCO staff does not have the expertise to properly evaluate the intricacies of managing, operating and maintaining water supply systems.

In light of the above, and in the interest of preserving limited District funds for operational purposes and to minimize administrative time to this subject, it is recommended that the topic of water service not be included in the forthcoming City of Tustin MSR (or Sphere of Influence) review. As stated earlier, it would be more effective by serving the public's interest in a cooperative negotiated manner between two willing parties rather than by imposition of controversial solutions which would not be welcomed by the public. Your support will be greatly appreciated in helping to foster a win-win constructive solution.

We also plan to further explore Option (2) with the City so that it can be given serious consideration in the forthcoming Tustin MSR process if water service is to be reviewed given the current and likely long-term unincorporated status of the North Tustin area. Option (2) provides a remedy to the current awkward water service governance structure in which a large portion of the retail service area presently served by the City of Tustin is outside the City and those residents cannot vote in City elections. Under Option (2) representative government through publicly elected directors, which allows their full attention to the single purpose of directing and seeing to the implementation of critically important functions of water supply, would, in our collective opinion, provide the most cost effective, professionally managed, long-term means for water service to the area.

Please note that in order to assure consistency in reporting our discussions with the City of Tustin, this letter was coordinated with them.

Sincerely,



W VanderWerff, President, Board of Directors

CC: LAFCO - Attn: Chairman and Commission Members
LAFCO - Attn: Joyce Crosthwaite, Executive Officer
City Council of Tustin and EOCWD Board of Directors

MSR REPORT

ATTACHMENT B

THE NINE MSR DETERMINATIONS –

City of Tustin

Infrastructure Needs or Deficiencies

The City of Tustin is faced with increased service demands and aging infrastructure. Infrastructure needs are addressed through master plans, service plans, budgets, and Capital Improvement Programs. Projects are implemented as funding permits. However a replacement for OCSD as a local sewer service provider should be addressed. The City's General Plan establishes levels of service for all municipal services and mandates ongoing review of key public services. This helps to ensure orderly City growth and development and that services and facilities will be provided concurrent with need. The City adopts an annual Capital Improvement Program (CIP) that has a seven-year planning horizon to ensure that infrastructure needs are addressed and service levels are maintained or improved. For FY 2006-2007, over \$96 million is budgeted for capital projects, with the majority directed towards public facilities, capacity enhancement of transportation facilities, Tustin Legacy facilities, and water storage.

Growth and Population Projections

The City of Tustin's population is approximately 72,542. The City's projected population for the next 25 years is anticipated to grow at a steady rate, with the exception of a large increase between 2007 and 2010 as anticipated residential units within Tustin Legacy is completed and people move to the new community. Population growth between 2006 and 2010 is approximately 12.5%, or over 3% per year. Staff did not identify any issues related to growth and population projections.

Financing Constraints & Opportunities

The City of Tustin uses long-term debt instruments to leverage its financial resources and capital assets to benefit the City's financial position. The City has the financial resources to maintain service levels and provide for capital needs.

Cost Avoidance Opportunities/ Opportunities for Rate Restructuring/ Opportunities for Shared Facilities/ Evaluation of Management Efficiencies

The City of Tustin has adopted rate structures which cover the cost of service; however funding for local sewer maintenance services provided by OCSD is inadequate. The City shares facilities and resources as appropriate to provide efficient, cost-effective services.

Government Structure Options

Identified governmental structure options for the City of Tustin are limited. It is surrounded on three sides by other incorporated cities with only minor adjustments of boundaries between the cities expected in the future.

One identified government structure option was the reorganization of the East Orange Water District which provides wholesale and retail water service to portions of the City of Tustin.

A potential change in the City's sphere in the unincorporated community of North Tustin is being researched by staff of the Cities of Tustin and Orange and if changes are made, an adjustment of the sphere will be taken back to the LAFCO Commission.

Local Accountability & Governance

No issues of local accountability and governance were identified.

SPHERE OF INFLUENCE STATEMENT OF DETERMINATIONS City of Tustin

The present and planned land uses in the area, including agricultural and open-space lands

The City of Tustin's current boundaries include 11.08 square miles, and the sphere of influence encompassing unincorporated North Tustin includes 6.2 square miles. Land use within this area is varied and includes residential (21%), commercial (4%), industrial (2%), public/institutional (4%), MCAS Tustin Specific Plan area (21%), planned community (39%), and transportation (7%).¹ A major reuse program for the former Marine Corps Air Station-Tustin is underway; development includes residential communities, commercial, institutional and park uses.

The unincorporated North Tustin area includes primarily residential land uses with some institutional use for schools and water district facilities. No significant changes are anticipated.

The present and probable need for public facilities and services in the area

Population within the City of Tustin is expected to increase 16.5% by 2010, primarily due to development of the former Marine Corps base. Growth tapers off between 2015 and 2030. The overall increase between 2007 and 2030 is 17,267 people, or 23.8%. The extension of infrastructure and services will be significant as the former Marine Corps base is developed.

The estimated population for the North Tustin unincorporated area was 23,462 in 2003, approximately one-third the population of the City of Tustin. Projected population in 2020 is approximately 25,000 residents. Minimal growth is anticipated.

There will be continued need for public facilities and services in both incorporated and unincorporated areas.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

In this MSR study, no significant infrastructure or service constraints were identified except for those noted below:

- North Tustin is surrounded by Orange and Tustin, making response times for Orange County Sheriff patrols problematic and potentially longer than those that can be provided by Tustin. There may be service level improvements and a

¹ City of Tustin General Plan – Land Use Element, 2001

potential cost savings through the County contracting with Tustin for police services within the North Tustin Area. The City's boundaries and ability to provide outstanding law enforcement services make a contract situation desirable.

- Portions of the City of Tustin and unincorporated North Tustin have local sewer collection systems operated and maintained by the Orange County Sanitation District. Some areas within North Tustin are still on septic systems, but currently have no opportunity to connect to the local sewer system. Although OCSD will be undertaking environmental review of these parcels connecting to the OCSD system, no local sewer service provider has been identified. Funding for local sewer system maintenance and capital needs is inadequate; this condition is expected to worsen with increasingly stringent regulations regarding local sewer system design, maintenance, and operation.

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

All of the residences, commercial/industrial facilities, and institutional uses have a social and economic interest in the activities and services provided by the City of Tustin. In addition, the special districts which provide service within the City of Tustin also have an economic interest in the services provided. The unincorporated North Tustin area benefits from the quality of services provided by the City; in many cases the public is not aware of the differentiation between service providers in incorporated and unincorporated areas.

NOTICE OF EXEMPTION

TO: <input type="checkbox"/> Clerk of the Board of Supervisors or <input checked="" type="checkbox"/> County Clerk County of: Orange		FROM: Orange County Local Agency Formation Commission 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701
1.	Project Title:	City of Tustin Municipal Service Review (MSR 07-53)
2.	Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	The project area encompasses an eleven-square mile area which is located in central Orange County. Tustin is bordered by the City of Santa Ana to the west, Irvine to the east and south and an unincorporated area of the Orange County to the north.
3.	(a) Project Location – City:	The project area encompasses an eleven-square mile area which is located in central Orange County. Tustin is bordered by the City of Santa Ana to the west, Irvine to the east and south and an unincorporated area of the Orange County to the north.
	(b) Project Location – County:	Orange
4.	LAFCO Action on Project:	Receive and file MSR report and adopt statement of determinations.
5.	Description of nature, purpose, and beneficiaries of Project:	In accordance with Government Code Sections 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems. LAFCO will conduct a public hearing for the Municipal Service Review on July 18, 2007. During which, there will be an opportunity for public comment on the process.
6.	Name & Address of Public Agency approving project:	Orange County Local Agency Formation Commission 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701
7.	Name & Address of Person or Agency carrying out project:	Same as above
8.	Exempt status: (check one)	
	(a) <input type="checkbox"/> Ministerial project.	
	(b) <input type="checkbox"/> Not a project.	
	(c) <input type="checkbox"/> Emergency Project.	
	(d) <input checked="" type="checkbox"/> Feasibility or Planning Study	
	(e) <input type="checkbox"/> Categorical Exemption. State type and class number:	
	(f) <input type="checkbox"/> Declared Emergency.	
	(g) <input type="checkbox"/> Statutory Exemption. State Code section number:	
	(h) <input type="checkbox"/> Other. Explanation:	
9.	Reason why project was exempt:	Staff recommends that the Commission consider municipal service review determinations exempt from CEQA under CEQA Guidelines §15262, Feasibility and Planning

ATTACHMENT D

	Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration but does require consideration of environmental factors. This section does not apply to the adoption of a plan that will have a legally binding effect on later activities.
10. Contact Person:	Joyce Crosthwaite, Executive Officer
Telephone:	(714) 834-2556
11. Attach Preliminary Exemption Assessment (Form "A") before filing.	

Date Received for Filing: _____

Signature (LAFCO Representative)

(Clerk Stamp Here)

Executive Officer
Title

PRELIMINARY EXEMPTION ASSESSMENT

**(Certificate of Determination
When Attached to Notice of Exemption)**

1.	Name or description of project:	City of Tustin Municipal Service Review (MSR 07-53)																																		
2.	Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	<p>The project area encompasses an eleven-square mile area which is located in central Orange County. Tustin is bordered by the City of Santa Ana to the west, Irvine to the east and south and an unincorporated area of the Orange County to the north.</p> <p>In accordance with Government Code Sections 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems. LAFCO will conduct a public hearing for the Municipal Service Review on July 18, 2007. During which, there will be an opportunity for public comment on the process.</p>																																		
3.	Entity or person undertaking project:	<p>A. Local Agency Formation Commission, Santa Ana, CA</p> <p>B. Other (Private)</p> <table border="1"> <tr> <td>(1) Name</td> <td></td> </tr> <tr> <td>(2) Address</td> <td></td> </tr> </table>		(1) Name		(2) Address																														
(1) Name																																				
(2) Address																																				
4.	Staff Determination:	<p>The Commission's Staff, having undertaken and completed a preliminary review of this project in accordance with the Commission's "Local Guidelines for Implementing the California Environmental Quality Act (CEQA)" has concluded that this project does not require further environmental assessment because:</p> <table border="1"> <tr> <td>a.</td> <td><input type="checkbox"/></td> <td>The proposed action does not constitute a project under CEQA.</td> </tr> <tr> <td>b.</td> <td><input type="checkbox"/></td> <td>The project is a Ministerial Project.</td> </tr> <tr> <td>c.</td> <td><input type="checkbox"/></td> <td>The project is an Emergency Project.</td> </tr> <tr> <td>d.</td> <td><input checked="" type="checkbox"/></td> <td>The project constitutes a feasibility or planning study.</td> </tr> <tr> <td>e.</td> <td><input type="checkbox"/></td> <td>The project is categorically exempt.</td> </tr> <tr> <td></td> <td></td> <td>Applicable Exemption Class:</td> </tr> <tr> <td>f.</td> <td><input type="checkbox"/></td> <td>The project is statutorily exempt.</td> </tr> <tr> <td></td> <td></td> <td>Applicable Exemption:</td> </tr> <tr> <td>g.</td> <td><input type="checkbox"/></td> <td>The project is otherwise exempt on the following basis:</td> </tr> <tr> <td>h.</td> <td><input type="checkbox"/></td> <td>The project involves another public agency which constitutes the Lead Agency.</td> </tr> <tr> <td></td> <td></td> <td>Name of Lead Agency:</td> </tr> </table>		a.	<input type="checkbox"/>	The proposed action does not constitute a project under CEQA.	b.	<input type="checkbox"/>	The project is a Ministerial Project.	c.	<input type="checkbox"/>	The project is an Emergency Project.	d.	<input checked="" type="checkbox"/>	The project constitutes a feasibility or planning study.	e.	<input type="checkbox"/>	The project is categorically exempt.			Applicable Exemption Class:	f.	<input type="checkbox"/>	The project is statutorily exempt.			Applicable Exemption:	g.	<input type="checkbox"/>	The project is otherwise exempt on the following basis:	h.	<input type="checkbox"/>	The project involves another public agency which constitutes the Lead Agency.			Name of Lead Agency:
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e.	<input type="checkbox"/>	The project is categorically exempt.																																		
		Applicable Exemption Class:																																		
f.	<input type="checkbox"/>	The project is statutorily exempt.																																		
		Applicable Exemption:																																		
g.	<input type="checkbox"/>	The project is otherwise exempt on the following basis:																																		
h.	<input type="checkbox"/>	The project involves another public agency which constitutes the Lead Agency.																																		
		Name of Lead Agency:																																		

Date: July 18, 2007

Staff:

Joyce Crosthwaite, Executive Officer, LAFCO

NOTICE OF EXEMPTION

TO:	<input type="checkbox"/> Clerk of the Board of Supervisors or <input checked="" type="checkbox"/> County Clerk County of: Orange	FROM:	Orange County Local Agency Formation Commission 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701
1.	Project Title:	City of Tustin Sphere of Influence (SOI 07-12)	
2.	Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	The project area encompasses an eleven-square mile area which is located in central Orange County. Tustin is bordered by the City of Santa Ana to the west, Irvine to the east and south and an unincorporated area of the Orange County to the north..	
3.	(a) Project Location – City:	The project area encompasses an eleven-square mile area which is located in central Orange County. Tustin is bordered by the City of Santa Ana to the west, Irvine to the east and south and an unincorporated area of the Orange County to the north..	
	(b) Project Location – County:	Orange	
4.	LAFCO Action on Project:	Reaffirm the existing sphere of influence and adopt the statement of determinations.	
5.	Description of nature, purpose, and beneficiaries of Project:	In accordance with Government Code Sections 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems. In conjunction with Municipal Service Reviews, LAFCO is required to update an agency's sphere of influence no less than once every five years. LAFCO will conduct a public hearing for the sphere of influence review on July 18, 2007. During which, there will be an opportunity for public comment on the process.	
6.	Name & Address of Public Agency approving project:	Orange County Local Agency Formation Commission 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701	
7.	Name & Address of Person or Agency carrying out project:	Same as above	
8.	Exempt status: (check one)		
	(a)	<input type="checkbox"/>	Ministerial project.
	(b)	<input checked="" type="checkbox"/>	Not a project.
	(c)	<input type="checkbox"/>	Emergency Project.
	(d)	<input type="checkbox"/>	Feasibility or Planning Study
	(e)	<input type="checkbox"/>	Categorical Exemption. State type and class number:
	(f)	<input type="checkbox"/>	Declared Emergency.
	(g)	<input type="checkbox"/>	Statutory Exemption. State Code section number:
	(h)	<input type="checkbox"/>	Other. Explanation:
9.	Reason why project was exempt:	The Commission's Staff, having undertaken and completed a preliminary review of this project in accordance with the Commission's "Local Guidelines for Implementing the	

ATTACHMENT E

	California Environmental Quality Act (CEQA)" has concluded that this project does not require further environmental assessment under CEQA Local Guidelines 3.01: the sphere review is not an enactment and, therefore, not a project within the definition of "project" contained in CEQA Guidelines Section 21065. The review determined that no modification to Costa Mesa Sanitary District's existing sphere of influence at this time is warranted.
10. Contact Person:	Joyce Crosthwaite, Executive Officer
Telephone:	(714) 834-2556
11. Attach Preliminary Exemption Assessment (Form "A") before filing.	

Date Received for Filing: _____

Signature (LAFCO Representative)

(Clerk Stamp Here)

Executive Officer
Title

PRELIMINARY EXEMPTION ASSESSMENT

**(Certificate of Determination
When Attached to Notice of Exemption)**

1.	Name or description of project:	City of Tustin Sphere of Influence (SOI 07-12)					
2.	Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	<p>The project area encompasses an eleven-square mile area which is located in central Orange County. Tustin is bordered by the City of Santa Ana to the west, Irvine to the east and south and an unincorporated area of the Orange County to the north..</p> <p>In accordance with Government Code Sections 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems. In conjunction with Municipal Service Reviews, LAFCO is required to update an agency's sphere of influence no less than once every five years. LAFCO will conduct a public hearing for the sphere of influence review on July 18, 2007. During which, there will be an opportunity for public comment on the process.</p>					
3.	Entity or person undertaking project:	<p>A. Local Agency Formation Commission, Santa Ana, CA</p> <p>B. Other (Private)</p> <table border="1"> <tr> <td>(1) Name</td> <td></td> </tr> <tr> <td>(2) Address</td> <td></td> </tr> </table>		(1) Name		(2) Address	
(1) Name							
(2) Address							
4.	<p>Staff Determination: The Commission's Staff, having undertaken and completed a preliminary review of this project in accordance with the Commission's "Local Guidelines for Implementing the California Environmental Quality Act (CEQA)" has concluded that this project does not require further environmental assessment under CEQA Local Guidelines 3.01: the sphere review is not an enactment and, therefore, not a project within the definition of "project" contained in CEQA Guidelines Section 21065. The review determined that no modification to Orange County Sanitation District's existing sphere of influence at this time is warranted.</p>						
a.	<input checked="" type="checkbox"/>	The proposed action does not constitute a project under CEQA.					
b.	<input type="checkbox"/>	The project is a Ministerial Project.					
c.	<input type="checkbox"/>	The project is an Emergency Project.					
d.	<input type="checkbox"/>	The project constitutes a feasibility or planning study.					
e.	<input type="checkbox"/>	<p>The project is categorically exempt.</p> <p>Applicable Exemption Class:</p>					
f.	<input type="checkbox"/>	<p>The project is statutorily exempt.</p> <p>Applicable Exemption:</p>					
g.	<input type="checkbox"/>	<p>The project is otherwise exempt on the following basis:</p>					
h.	<input type="checkbox"/>	<p>The project involves another public agency which constitutes the Lead Agency.</p> <p>Name of Lead Agency:</p>					

Date: July 18, 2007

Staff:

Joyce Crosthwaite, Executive Officer, LAFCO

MSR 07-53

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
MAKING DETERMINATIONS AND APPROVING THE
MUNICIPAL SERVICE REVIEW FOR THE
CITY OF TUSTIN**

July 18, 2007

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt spheres of influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the sphere of influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a sphere of influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update spheres of influence the Commission shall conduct municipal service reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Orange County LAFCO staff has prepared a report for the municipal service review (MSR 07-53) and an accompanying sphere of influence update for the City of Tustin (SOI 07-12), and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the report for the municipal service review for the City of Tustin (MSR 07-53) contains statements of determination as required by California Government Code Section 56430 for the municipal services provided by the City; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set July 18, 2007 as the hearing date on this municipal service review proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of a municipal service review for the City of Tustin; and

WHEREAS, this Commission called for and held a public hearing on the proposal on July 18 2007, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56668; and

WHEREAS, pursuant to the California Environmental Quality Act, the municipal service review for the City of Tustin was determined to be exempt from CEQA under State CEQA Guidelines §15262, Feasibility and Planning Studies.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) The municipal service review for the City of Tustin (MSR 07-53) together with the written statement of determination, are determined to be exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.
- b) The Commission directs the Executive Officer to file a Notice of Exemption as the lead agency under Section 15062.

Section 2. Determinations

- a) The Commission accepts the report for the municipal service review for the City of Tustin (MSR 07-53) as presented to the Commission on July 18, 2007.
- b) The Executive Officer's staff report and recommendation for approval of the municipal service review for the City of Tustin, dated July 18, 2007, are hereby adopted.
- b) The Commission has adopted the accompanying Statement of Determinations for the City of Tustin, shown as "Exhibit A."

Section 3. This review is assigned the following distinctive short-form designation: "Municipal Service Review for the City of Tustin" (MSR 07-53).

Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

I, BILL CAMPBELL, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 18th day of July, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of July, 2007.

BILL CAMPBELL
Chair of the Orange County
Local Agency Formation Commission

By: _____
Bill Campbell

DRAFT

ATTACHMENT B

THE NINE MSR DETERMINATIONS –

City of Tustin

Infrastructure Needs or Deficiencies

The City of Tustin is faced with increased service demands and aging infrastructure. Infrastructure needs are addressed through master plans, service plans, budgets, and Capital Improvement Programs. Projects are implemented as funding permits. However a replacement for OCSD as a local sewer service provider should be addressed. The City's General Plan establishes levels of service for all municipal services and mandates ongoing review of key public services. This helps to ensure orderly City growth and development and that services and facilities will be provided concurrent with need. The City adopts an annual Capital Improvement Program (CIP) that has a seven-year planning horizon to ensure that infrastructure needs are addressed and service levels are maintained or improved. For FY 2006-2007, over \$96 million is budgeted for capital projects, with the majority directed towards public facilities, capacity enhancement of transportation facilities, Tustin Legacy facilities, and water storage.

Growth and Population Projections

The City of Tustin's population is approximately 72,542. The City's projected population for the next 25 years is anticipated to grow at a steady rate, with the exception of a large increase between 2007 and 2010 as anticipated residential units within Tustin Legacy is completed and people move to the new community. Population growth between 2006 and 2010 is approximately 12.5%, or over 3% per year. Staff did not identify any issues related to growth and population projections.

Financing Constraints & Opportunities

The City of Tustin uses long-term debt instruments to leverage its financial resources and capital assets to benefit the City's financial position. The City has the financial resources to maintain service levels and provide for capital needs.

Cost Avoidance Opportunities/ Opportunities for Rate Restructuring/ Opportunities for Shared Facilities/ Evaluation of Management Efficiencies

The City of Tustin has adopted rate structures which cover the cost of service; however funding for local sewer maintenance services provided by OCSD is inadequate. The City shares facilities and resources as appropriate to provide efficient, cost-effective services.

Government Structure Options

Identified governmental structure options for the City of Tustin are limited. It is surrounded on three sides by other incorporated cities with only minor adjustments of boundaries between the cities expected in the future.

One identified government structure option was the reorganization of the East Orange Water District which provides wholesale and retail water service to portions of the City of Tustin.

A potential change in the City's sphere in the unincorporated community of North Tustin is being researched by staff of the Cities of Tustin and Orange and if changes are made, an adjustment of the sphere will be taken back to the LAFCO Commission.

Local Accountability & Governance

No issues of local accountability and governance were identified.

SOI 07-12

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
MAKING DETERMINATIONS AND APPROVING THE
SPHERE OF INFLUENCE FOR THE
CITY OF TUSTIN**

July 18, 2007

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt spheres of influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the sphere of influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a sphere of influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update spheres of influence the Commission shall conduct municipal service reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Orange County LAFCO staff has prepared a report for the municipal service review (MSR 07-53) as an accompanying report to the sphere of influence update for the City of Tustin (SOI 07-12) and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the report for the sphere of influence update for the City of Tustin (SOI 07-12) contains statements of determination as required by California Government Code Section 56430 for the municipal services provided by the City; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set July 18, 2007 as the hearing date on this sphere of influence study proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of the designation of a sphere of influence for the City of Tustin; and

WHEREAS, this Commission called for and held a public hearing on the proposal on July 18, 2007, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56668; and

WHEREAS, pursuant to the California Environmental Quality Act, the sphere of influence update for the City of Tustin was determined to be exempt from CEQA as not a project under State CEQA Guidelines §21065.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) Reaffirming the sphere of influence for the City of Tustin (SOI 07-12) is determined to be exempt from the California Environmental Quality Act (CEQA) as not a project under State CEQA Guidelines §21065.
- b) The Commission directs the Executive Officer to file a Notice of Exemption as the lead agency under Section 15062.

Section 2. Determinations

- a) The Commission accepts the report for the sphere of influence update for the City of Tustin (SOI 07-12) as presented to the Commission on July 18, 2007.
- b) The Executive Officer's staff report and recommendation for approval of the sphere of influence update of the City of Tustin, dated July 18, 2007, are hereby adopted.
- b) The Commission has adopted the accompanying Statement of Determinations for the City of Tustin, shown as "Exhibit A."
- c) The Commission has reaffirmed the City of Tustin's previous sphere of influence as shown on the attached map labeled "Exhibit B."

Section 3. This review is assigned the following distinctive short-form designation: "Sphere of Influence Update for the City of Tustin" (SOI 07-12).

Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:

NOES:

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, BILL CAMPBELL, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 18th day of July 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of July 2007.

BILL CAMPBELL
Chair of the Orange County
Local Agency Formation Commission

By: _____
Bill Campbell

SPHERE OF INFLUENCE STATEMENT OF DETERMINATIONS City of Tustin

The present and planned land uses in the area, including agricultural and open-space lands

The City of Tustin's current boundaries include 11.08 square miles, and the sphere of influence encompassing unincorporated North Tustin includes 6.2 square miles. Land use within this area is varied and includes residential (21%), commercial 4%), industrial (2%), public/institutional (4%), MCAS Tustin Specific Plan area (21%), planned community (39%), and transportation (7%).¹ A major reuse program for the former Marine Corps Air Station-Tustin is underway; development includes residential communities, commercial, institutional and park uses.

The unincorporated North Tustin area includes primarily residential land uses with some institutional use for schools and water district facilities. No significant changes are anticipated.

The present and probable need for public facilities and services in the area

Population within the City of Tustin is expected to increase 16.5% by 2010, primarily due to development of the former Marine Corps base. Growth tapers off between 2015 and 2030. The overall increase between 2007 and 2030 is 17,267 people, or 23.8%. The extension of infrastructure and services will be significant as the former Marine Corps base is developed.

The estimated population for the North Tustin unincorporated area was 23,462 in 2003, approximately one-third the population of the City of Tustin. Projected population in 2020 is approximately 25,000 residents. Minimal growth is anticipated.

There will be continued need for public facilities and services in both incorporated and unincorporated areas.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

In this MSR study, no significant infrastructure or service constraints were identified except for those noted below:

- North Tustin is surrounded by Orange and Tustin, making response times for Orange County Sheriff patrols problematic and potentially longer than those that can be provided by Tustin. There may be service level improvements and a

¹ City of Tustin General Plan – Land Use Element. 2001

potential cost savings through the County contracting with Tustin for police services within the North Tustin Area. The City's boundaries and ability to provide outstanding law enforcement services make a contract situation desirable.

- Portions of the City of Tustin and unincorporated North Tustin have local sewer collection systems operated and maintained by the Orange County Sanitation District. Some areas within North Tustin are still on septic systems, but currently have no opportunity to connect to the local sewer system. Although OCSD will be undertaking environmental review of these parcels connecting to the OCSD system, no local sewer service provider has been identified. Funding for local sewer system maintenance and capital needs is inadequate; this condition is expected to worsen with increasingly stringent regulations regarding local sewer system design, maintenance, and operation.

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

All of the residences, commercial/industrial facilities, and institutional uses have a social and economic interest in the activities and services provided by the City of Tustin. In addition, the special districts which provide service within the City of Tustin also have an economic interest in the services provided. The unincorporated North Tustin area benefits from the quality of services provided by the City; in many cases the public is not aware of the differentiation between service providers in incorporated and unincorporated areas.